



DEPARTMENT OF HEALTH & HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
REGION IX

Refer to: DMCH-SSB-SR

75 Hawthorne Street  
Suite 408  
San Francisco, CA 94105

AUG 16 2004

Stan Rosenstein, Deputy Director  
Medical Care Services  
Department of Health Services  
MS 4000  
PO Box 942732  
Sacramento, CA 94234-7320

Dear Mr. Rosenstein:

On December 31, 2003, the Centers for Medicare & Medicaid Services (CMS) approved California's proposal to claim School-Based Medi-Cal Administrative Activities with five conditions. These conditions needed to be met before the State could claim Federal financial participation (FFP). Our review of California's July 13, 2004 submission indicates that these conditions have been met, specifically:

1. California agreed to use the actual count of Medi-Cal eligibles to determine the Medi-Cal discount percentage.
2. California submitted instructions on how and under what circumstances the fourth quarter time survey percentages may be an average of the first three.
3. California revised the section on direct charging for claims administration to indicate that the cost of contingency fee contracts may not be charged to MAA.
4. California revised the proposal to include the responsibilities at each level for supervisors of time surveyed staff, LEA MAA Coordinators, LEC/LGA MAA Coordinators, DHS staff, and the possible role of vendors in this process. Additionally, the guide also addresses an allowable threshold for error of time surveys and the DHS review process.
5. California removed a reference to exceptions to the public expenditure rule, as there are no exceptions to the public expenditure rule for school administrative claiming.

Developing a school-specific MAA plan for California was a sizeable task and we want to convey our appreciation to your staff for their ongoing work in this initiative.

Sincerely,

*Pat Daley*  
for Linda Minamoto  
Associate Regional Administrator  
Division of Medicaid & Children's Health

cc: Richard Strauss, CMSO